

## PRESS RELEASE

**CREDEM, THE BOARD OF DIRECTORS APPROVES FIRST QUARTER 2007 RESULTS: EBIT+5.5%, NET PROFIT at €59.9 MILLION (+2.2%).**

Main consolidated items, at 31 March 2007, show the following trends:

- **Total Income** +6.4% at €274.6 million, versus €258.2 million in 1Q06;
- **EBITDA** +5.2% at €114.3 million, versus €108.6 million in the same period 2006;
- **EBIT**+5.5% at 107.6 million, versus 102 million at 31 March 2006;
- **Consolidated Net Profit** €59.9 million (€58.6 million in 1Q06), + 2.2%;
- **Customers Lending** +13.3% at €14,768 million (vs. €13,037 million in 1Q06);
- **Credit Quality** (NPL ratio) equals 0.23% (0.16% at 31 March 2006);
- **Customers Fundings** +5.5% equal €60,318 million versus €57,188 million in 1Q06;
- **Cost/Income** at 58.4% (57.9% in 1Q06); 58.3% at 12/31/2006
- **Tier 1 capital ratio** 7.6%, **total capital ratio** at 9.1%

Credem's Board of Directors, chaired by Giorgio Ferrari, approved today First Quarter 2007 individual and consolidated results.

### FIRST QUARTER 2007 RESULTS

#### **Consolidated Income Statement at 31 March, 2007**

At the end of March 2007 **Credem** presents a **consolidated net profit** at €59.9 million (€58.6 million at the end of March 2006) increasing by 2.2%;

**Total Income** grew by 6.4% to €274.6 million, compared to €258.2 million in the same period of 2006. In particular, **Net Interest Income** is up by 19.2% to €124.9 million vs. €104.8 million of March 2006 due to the overall increase in spreads and volumes; **Net Non Interest Income** equals to €149.7 million vs. €153.4 million in 1Q06 (-2.4%). In particular Net Commissions decrease by 6.7%. Asset management commissions are down by 14.0%. A positive contribution came by the finance area (+14.2%).

**Operating Costs** equal €160.3 million (+7.2%) compared to the €149.6 million in the same period of 2006. In particular, personnel expenses equal €100.9 million (+10.3%), while administrative expenses come in at €59.4 million (+2.2%).

**Cost/Income** comes in at 58.4% compared to 57.9% at 31 March 2006 and to 58.3% at 12/31/2006.

**EBITDA** grew by 5.2% to €114.3 million compared to €108.6 million in the same period of 2006. **Depreciation and Amortization** equal €6.7 million (€6.6 million in the same period of 2006).

**EBIT** is up by 5.5% reaching €107.6 million compared to the €102.0 million at the end of March 2006.

**Provisions for Risk and Expenses** equal, at the end of March 2007, €0.3 million. Net loan writedowns, at the end of March 2007 equal €6.0 million vs. €4.8 million at 31 March 2006.

**Net Extraordinary Items** impact 1Q2007 for a total of €2 million (€4.7 million in the same period of 2006). Positive extraordinary item (for an aggregate amount of €2.6 million) in the first three months of 2007, is attributable to the capital gain from the sale of Credembanca's stake in SIA.

**Pre-tax Profit** equals €103.3 million versus €103.5 million at the end of 1Q2006.

Income taxes comes in at €41.4 million (€42.4 million at 31 March 2006).

### **Consolidated Balance Sheet at 31 March 2007**

**Group Customers Fundings** rose, at 31 March 2007, by 5.5% to €60,318 million, vs. €57,188 million in the same period of 2006.

**Direct Deposits**, net of repos, are 24.2% higher at €15,986 million, up from €12,867 million in the same period of 2006 (direct deposits including repurchase agreements have grown by +25.1% to €17,041 million compared to €13,621 million in 1Q2006). In detail, deposits have climbed by 15.7% to €10,106 million (€8,736 million in the same period of 2006). Bonds have grown by 42.3% to €5,880 million (€4,131 million in the same period of 2006) due to EMTN bond programme issues. Repurchase agreements are at €1,055 million vs. €754 million in the same period of 2006 (39.9%).

**Indirect Fundings** equals €43,277 million vs. €43,567 million in 1Q2006 (-0.7%). **Assets under Management** equals €17,259 million compared to €17,920 million in 1Q2006 (-3.7%). In particular portfolio management equals 6,169 increasing by 13.6% while Mutual Funds and Sicav's are at 8,734 (-14.8%). **Assets under Custody** grew by 1.4% reaching €26,018 million compared to €25,647 million in 1Q2006.

**Net Cash Loans** to customers rose by 14.7% to €14,732 million (€12,845 million at 31 March 2006), while the increase, net of repurchase agreements, was by +13.3% (€14,768 million in 1Q2007 versus €13,037 million in the same period of 2006).

Medium-long term lending kept growing significantly in particular to traditional families clientele. Great attention to small businesses has been confirmed. Retail lending comes to €9.9 from €8.2 billion (+20.6%) while "corporate" lending remains steady to €4.9 billion (+1.0%).

**Total Mortgage Loans** to families, at 31 March 2007, account over €4.4 billion (+23.1%), disbursements equal €265 million (-17.8%).

**NPL ratio** in 1Q2007 comes in at 0.23% of total loans (0.16% in the same period of 2006) confirming excellent credit quality. The **percentage estimate of losses on non performing loans** comes in at 60.2%. **Total net Problem Loans** equal €110.6 million (€105.7 million in 1Q2006).

At 31 March 2007, **shareholders equity**, including net profit, equals €1,340 million (€1,185.5 million at 31 March 2006).

**Tier 1 capital ratio** is 7.6%. The **Total capital ratio** equals 9.1%.

On 3/31/2007 Credem's distribution network accounted on 475 branches, 41 corporate centres, 59 financial stores with over 5,188 employees and 770 financial advisors with mandate.

Attached please find the individual and consolidated balance sheets and income statements as well as the reclassified consolidated P&L. 1Q07 consolidated report, not subject to external auditing (revision), will be at the public disposal within law terms.

For additional information about Credem and the other companies in the Group, please visit Group's website: [www.credem.it](http://www.credem.it)

Reggio Emilia, 15 May 2007

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## Consolidated Balance Sheet (€/000)

	Assets	3.31.2007	12.31.2006	3.31.2006
10.	Cash and balances with central banks	80,500	126,524	77,949
20.	Financial assets held for trading	5,236,022	4,901,710	4,083,501
30.	Financial assets ....at fair value	72,385	-	-
40.	Financial assets available for sale	69,311	83,910	69,011
60.	Loans and advances to banks	6,794,836	3,575,988	3,678,241
70.	Loans and advances to customers	14,768,137	14,386,083	13,037,129
80.	Hedging derivatives	9,854	9,754	9,260
100.	Equity investments	38,824	37,464	38,505
110.	Property. plant and equipment	333,195	337,115	338,489
110.	Intangible assets	53,012	54,619	46,074
	<i>Of which:</i>			
	<i>goodwill</i>	<i>31,187</i>	<i>31,187</i>	<i>31,187</i>
120.	Tax assets	144,784	168,157	150,329
	<i>a) current</i>	<i>74,532</i>	<i>94,756</i>	<i>61,906</i>
	<i>b) deferred</i>	<i>70,252</i>	<i>73,401</i>	<i>88,423</i>
130.	Other assets	735,577	569,588	619,158
160.	<b>Total assets</b>	<b>28,336,437</b>	<b>24,250,912</b>	<b>22,147,646</b>

	<b>Liabilities</b>	<b>3.31.2007</b>	<b>12.31.2006</b>	<b>3.31.2006</b>
10	Deposits from banks	6,807,539	4,494,247	4,676,866
20	Deposits from customers	10,982,999	10,917,324	9,294,295
30	Debt securities in issue	4,728,553	3,248,192	2,577,467
40	Financial liabilities held for trading	1,520,751	1,557,630	1,242,784
50	Financial liabilities at fair value	1,329,636	1,363,955	1,749,604
60	Hedging derivatives	6,654	6,171	4,909
80	Tax liabilities	313,829	281,704	265,801
	a) current	159,245	130,227	127,185
	a) deferred	154,584	151,477	138,616
100	Other liabilities	1,118,288	815,301	941,558
110	Provision for severance indemnities	102,394	101,586	103,052
120	Provisions for risks and charges:	62,530	63,647	68,622
	a) pensions and similar liabilities	1,503	1,503	1,644
	b) other	61,027	62,144	66,978
140	Revaluation reserves	72,830	74,673	61,725
170	Reserves	847,106	713,067	720,964
180	Share premium	78,728	78,728	65,574
190	Share capital	281,476	281,476	278,665
210	Minority interests	23,216	21,149	37,141
220	Net profit (loss) for the period	59,908	232,062	58,619
	<b>Total equity and liabilities</b>	<b>28,336,437</b>	<b>24,250,912</b>	<b>22,147,646</b>

## CONSOLIDATED INCOME STATEMENT (€/000)

		3.31.2007	3.31.2006	12.31.2006
10	Interests and similar incomes	299,166	208,664	971,608
20	Interest expenses and similar charges	(184,523)	(108,572)	(552,350)
30	<b>Net interest income</b>	<b>114,643</b>	<b>100,092</b>	<b>419,258</b>
40	Fee and commission income	122,951	133,243	510,626
50	Fee and commission expense	(20,909)	(21,975)	(96,229)
60	<b>Net fee and commission income</b>	<b>102,042</b>	<b>111,268</b>	<b>414,397</b>
70	Dividend and similar income	72	228	278,556
80	Net trading income	49,263	37,252	(120,314)
90	Hedging activity income	106	-	(17)
100	Gains (losses) on disposal or repurchase	2,616	3,376	7,662
	a) credits	-	-	(2)
	b) financial assets available for sale	2,564	3,587	7,647
	d) financial liabilities	52	(211)	17
110	Net change in value of financial a/l at fair value	(5,583)	(3,469)	(3,145)
120	<b>Total income</b>	<b>263,159</b>	<b>248,747</b>	<b>996,397</b>
130	Net impairment adjustments on:	(5,951)	(3,489)	(25,604)
	a) loans and advances	(5,950)	(4,838)	(26,973)
	d) other financial assets	(1)	1,349	1,369
140	<b>Net income from financial activities</b>	<b>257,208</b>	<b>245,258</b>	<b>970,793</b>
180	Administrative expenses:	(160,309)	(149,541)	(618,742)
	a) payroll	(100,959)	(91,520)	(388,492)
	b) other	(59,350)	(58,021)	(230,250)
190	Net increases in provisions for risks and	(279)	1,621	(8,588)
200	Net adjustments to property, plant and equipment	(4,241)	(4,659)	(18,228)
210	Net adjustments to intangible assets	(2,457)	(1,974)	(7,641)
220	Other operating income (charges)	11,599	12,569	69,173
230	<b>Operating costs</b>	<b>(155,687)</b>	<b>(141,984)</b>	<b>(584,026)</b>
240	Share of profit (loss) from equity stakes	1,866	143	1,627
270	Share of profit (loss) from sale of	9	145	1,175
280	<b>Profit (loss) from current operations</b>	<b>103,396</b>	<b>103,562</b>	<b>389,569</b>
290	Income taxes on current operations	(41,422)	(42,418)	(147,911)
300	<b>Profit (loss) from current operations</b>	<b>61,974</b>	<b>61,144</b>	<b>241,658</b>
320	<b>Net profit (loss) for the period</b>	<b>61,974</b>	<b>61,144</b>	<b>241,658</b>
330	Minority interests	(2,066)	(2,525)	(9,596)
340	<b>Net profit (loss) for the period attributable to the parent bank</b>	<b>59,908</b>	<b>58,619</b>	<b>232,062</b>

**Consolidated reclassified income statement (€/million)**

	1Q07	1Q06	Change %/y	FY06
Net interest income	124.9	104.8	19.2	440.3
Net commissions	149.7	153.4	(2.4)	620.6
<b>Total income</b>	<b>274.6</b>	<b>258.2</b>	<b>6.4</b>	<b>1,060.9</b>
Payroll expenses	(100.9)	(91.5)	10.3	(388.5)
Administrative expenses	(59.4)	(58.1)	2.2	(230.3)
<b>Operating costs</b>	<b>(160.3)</b>	<b>(149.6)</b>	<b>7.2</b>	<b>(618.8)</b>
<b>EBITDA</b>	<b>114.3</b>	<b>108.6</b>	<b>5.2</b>	<b>442.1</b>
Amortization and depreciation	(6.7)	(6.6)	1.5	(25.9)
<b>EBIT</b>	<b>107.6</b>	<b>102.0</b>	<b>5.5</b>	<b>416.2</b>
Net provisions for risks and expenses	(0.3)	1.6	n.s.	(8.6)
Extraordinary income/expenses	2.0	4.7	(57.4)	7.6
Net write downs	(6.0)	(4.8)	25.0	(25.6)
<b>Pre-tax profit</b>	<b>103.3</b>	<b>103.5</b>	<b>(0.2)</b>	<b>389.6</b>
Minorities interest in net profit/loss	(2.0)	(2.5)	(20.0)	(9.6)
Income taxes	(41.4)	(42.4)	(2.4)	(147.9)
<b>Net profit</b>	<b>59.9</b>	<b>58.6</b>	<b>2.2</b>	<b>232.1</b>

\*Non interest margin includes the whole Abaxbank margin.

**Reclassification rules:**

<p><b>Net Interest income</b>            + Item 30            + Item 240            + Item 70 dividends and similar incomes            (on stakes dividends)            - Abaxbank total income</p> <p><b>Non interest income</b>            + Item 60</p> <p>+ Item 70 (net of stake dividends)            + Item 80            + Item 110            + Item 220 (net of extraordinary components)            + Abaxbank total income</p> <p><b>Total income</b>            (Net Interest income+ Non interest income)</p> <p><b>Operative costs</b>            + Item 180</p> <p><b>Ebitda</b>            (Total income – Operative costs)</p>	<p><b>Depreciation and amortization</b>            + Item 200+ Item 210</p> <p><b>Ebit</b>            (Ebitda – depreciation&amp;admortization)</p> <p><b>Net provisions for risk and charges</b>            + Item 190</p> <p><b>Net adjustment on credits</b>            + Item 130 ("a" and "d")</p> <p><b>Extraordinary income/losses</b>            + Item 100            + Item 130 ("b" and "c")            + Item 220 (only extraordinary components)            + Item 270            + Item 310</p> <p><b>Pre-tax profit</b>            (EBIT +/- Net provisions for risk and charges            +/- Net provisions for risk and charges/ Extraordinary            income/losses)</p>
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